

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
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May 3, 2005

TO: ALL INTERESTED PARTIES

SUBJECT: AD HOC COMMITTEE REGARDING CAPITAL HARNESS ET AL.

This letter is intended for all concerned parties related to the Ad Hoc Committee formed to study financial issues related to Capital Racing, Inc., Capital Racing, LLC, California Harness Horsemen's Association, Los Alamitos Race Course, and any other party presenting financial issues related to any of these entities, as they pertain to harness racing.

The purpose of this Committee is to identify each area of concern or question. Once all of the issues are identified, it will then be necessary to quantify the amount of money, if any, in question. Finally, the applicable rules and regulations need to be identified pertaining to each issue in an effort to interpret the proper handling and entitlement of various parties.

I recommend that each party have its accountant at the initial meeting, so that each party can understand the issue, and assist in developing the factual material and monies that are being questioned, or discussed.

Our goal is to attempt to understand the issues in dispute or that require addressing, and quantify the amount of money related to same. We are acting on behalf of the California Horse Racing Board, and not in place of any judicial court.

Please do not outline the issue with any unnecessary narrative or accusatory statements. Nothing will get accomplished if we are unable to discuss the matters in question with anything other than factual perspectives. Please be as concise as possible.

We are looking to schedule the first meeting on May 17, 2005, 1:00 pm, at the Conference Room at Santa Anita. We anticipate a series of meetings will be necessary to get all of the issues and facts on the table. Hopefully from there we will be able to discuss and come to resolution on some or all issues in question.

All documentation should be submitted in triplicate, with a copy each to:

Richard B. Shapiro richard@wincoasset.com

John C. Sperry thesperryranch@aol.com

John Reagan johnr@chrb.ca.gov

Sincerely,

Richard B. Shapiro